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**1996/12/04**

~~CONFIDENTIAL~~

SUBJ: CHINA-JAPAN RELATIONS (U)

(U) ~~(C)~~ KEY POINTS

(U) \* ~~(C)~~ Beijing wary of US-Japan security alliance

(U) \* ~~(C)~~ Both seek to maintain good relations for economic advantages

(U) ~~(C)~~ DISCUSSION

\* ~~(C)~~ Sino-Japanese relations are always tenuous, reflecting historical animosity

\* ~~(C)~~ Japan halted grant aid to China in Aug 95 to protest its ongoing nuclear tests

\* ~~(C)~~ Beijing condemns alleged strengthening of the US-Japan security alliance  
\*\* Beijing perceives Japan as northern anchor of US-sponsored containment alliance against China

\* ~~(C)~~ The dispute over the Senkaku Islands has revived a diplomatic quagmire among China, Taiwan, and Japan

(U) \* ~~(C)~~ Both Beijing and Tokyo are seeking to manage tensions

Declassified by: JICPAC, Mr. Finis Jeffery, ONN

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